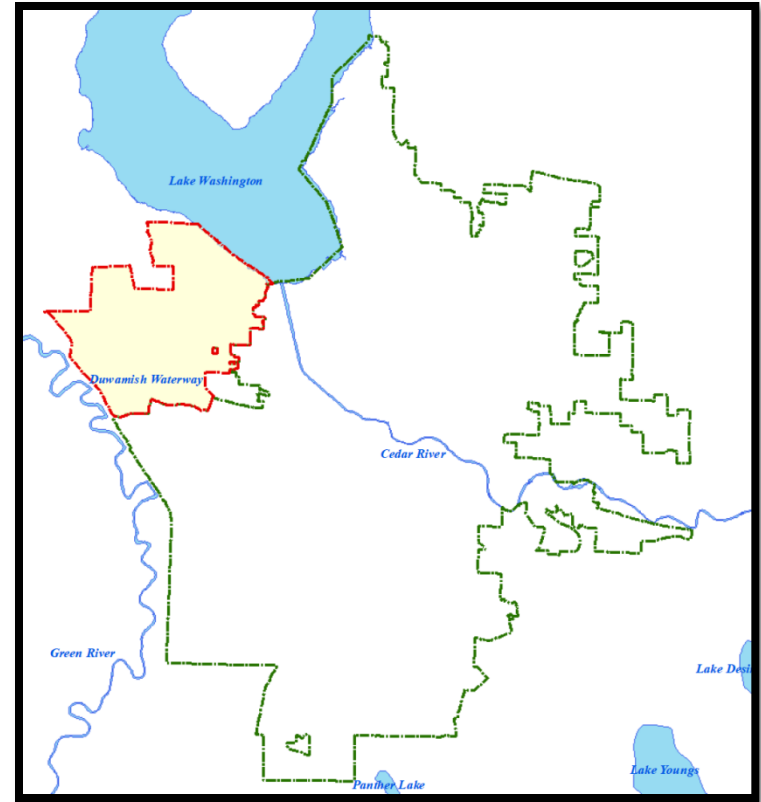


# Proposed West Hill Annexation *Committee of the Whole*



July 2010

RENTON. AHEAD OF THE CURVE.

City of  
**Renton**

Community & Economic Development



# West Hill Potential Annexation Area

- **Location**
  - 2.9 sq mi NW of Renton City limits
- **Boundaries**
  - Urban Growth Boundary
  - Renton, Seattle, Tukwila city limits
  - Lake Washington
- **2005 Governance Study**
  - Added to Renton's PAA
- **Population**
  - Est. 14,608 (2008)
- **Roadway**
  - 56 lane miles
- **Parks**
  - 28 acres: Skyway and Bryn Mawr



# Public Services with Annexation

## No change

- Schools
  - Renton School District
- Utilities
  - Skyway Water & Sewer
  - Renton
- Library
  - King County Library System

## Renton would provide

- Police
- Fire & Emergency Medical Services
- Parks & Recreation
- Neighborhood Program
- Planning and Land Use
- Street Maintenance
- Economic Development

# Annexation by Election - Process

1. 10% of voters submit petition (11/08)
2. King Co. certifies petition (12/08)
- \* 3. City Council accepts/rejects/modifies boundary (1/09)
- \* 4. City sends to BRB within 180 days
5. BRB reviews proposal (7/10)
- \* 6. City Council asks for election – whether & when (now)
7. Election by PAA voters
- \* 8. If simple majority vote “yes,” City Council adopts annexation ordinance and sets effective date

# Assumptions

- Assume **2013 (or later) effective date** if placed on ballot
- Renton needs **sustainable funding** for transition, operations and capital investments to annex. (Costs = revenues)
  - Consistent with Business Plan: maintain services to current residents while welcoming those who desire to become part of Renton
- Provide services at the same level of service as existing Renton.
- **Capital needs** designed to meet Renton standards
  - Phased and funded with city-wide capital needs
- Annexation would qualify for and use the .1% **sales tax credit**.
  - Can only be used for cost-revenue operating “gap”

# Fiscal Analysis

## Services

- Fire/EMS: One engine staffed 24/7 from Skyway HQ station
- Police: Redistrict patrol areas; 2 districts to serve West Hill
- Streets: Maintain 56 additional street lane miles
- Skyway and Bryn Mawr Park operations and maintenance
- \*State sales tax credit would be requested for cost-revenue gap
- One-time transition (vehicle, equipment) costs: **\$2.8M**
- Annual capital (parks, surface water, streets): **\$4.7M** (no sales tax credit)
- When sales tax credit expires, annual shortfalls increase

## City General Fund (77.5 FTE)

<u>2013 Costs</u>	<u>2013 Revenues</u>
\$11.1M	\$7.1M + \$2.3M*



Net Operating Cost (shortfall)  
**(\$1.7M)**

## Enterprise Funds (8 FTE)

<u>2013 Costs</u>	<u>2013 Revenues</u>
\$0.6M	\$0.4M



Net Enterprise Cost (shortfall)  
**(\$0.2M)**

# Fiscal Analysis

	West Hill PAA (Jan 2013)	2013	2018	2023
General Fund	Expenditures (\$000)	11,143	11,877	14,278
	Subtotal Expenditures	11,143	11,877	14,278
	Resources from PAA	7,112	7,892	8,781
	State Sales Tax Credit	2,326	2,576	-
	Subtotal Revenues	9,438	10,468	8,781
	<b>Net Resources</b>	<b>(1,705)</b>	<b>(1,409)</b>	<b>(5,497)</b>
	Shortfall (% of expenditures)	-15%	-12%	-39%
Enterprise	Expenditures (\$000)	681	819	984
	Revenues	481	488	496
	<b>Net Resources</b>	<b>(200)</b>	<b>(330)</b>	<b>(489)</b>
	<b>One-time equipment/contracts</b>	<b>(2,842)</b>		
	General Fund	2,432		
	Enterprise Funds	410		
	<b>Capital program (annual)</b>	<b>(4,760)</b>		
	Parks	990		
	Streets/Transportation	3,270		
	Surface Water	500		



# West Hill - Operations

	Staffing	One-Time		Full Year		
<b>General Fund: Operating Costs</b>	<b>FTE</b>	<b>2012</b>	<b>Late 2012</b>	<b>2013</b>	<b>2018</b>	<b>2023</b>
Police	32.00	\$463,090	\$2,203,040	\$5,571,629	\$5,180,089	\$6,226,984
Public Works (Transportation, Maintenance)	11.00	\$464,000		\$1,799,681	\$2,163,397	\$2,600,619
Fire & Emergency Services	19.00	\$198,000		\$1,840,355	\$2,212,291	\$2,659,394
Community & Economic Development	2.50	\$140,000		\$253,403	\$304,615	\$366,178
Community Services	7.50	\$885,000		\$837,900	\$1,007,239	\$1,210,802
Finance and Information Services	0.50	\$281,512		\$102,355	\$123,041	\$147,907
Human Resources & Risk Management	1.50	\$0		\$236,287	\$284,041	\$341,446
Executive/Legislative/Judicial	3.50	\$0		\$376,498	\$452,588	\$544,056
City Attorney	1.00	\$0		\$124,784	\$150,003	\$180,319
<b>General Fund Operations</b>	<b>77.50</b>	<b>\$2,431,602</b>	<b>\$2,203,040</b>	<b>\$11,142,893</b>	<b>\$11,877,304</b>	<b>\$14,277,705</b>
<b>General Fund: Operating Revenues</b>						
<i>State Sales Tax credit - 3rd .01%</i>				\$2,325,984	\$2,575,711	\$0
Property Tax				\$3,306,870	\$3,562,438	\$3,837,758
Utility Tax				\$1,354,160	\$1,647,543	\$2,004,488
Sales Tax				\$192,188	\$217,443	\$246,016
Sales Tax-Criminal Justice				\$271,625	\$307,319	\$347,703
State Shared Revenues				\$397,880	\$428,630	\$461,756
Gambling Tax				\$761,250	\$820,082	\$883,462
Permit Fees				\$277,095	\$298,510	\$321,580
Fines & Forfeits				\$420,371	\$452,859	\$487,858
Cable Franchise Fees				\$119,600	\$145,512	\$177,037
Recreation Fees				\$0	\$0	\$0
Business License Fees				\$11,165	\$12,028	\$12,957
<b>General Fund Operating Revenues</b>				<b>\$9,438,188</b>	<b>\$10,468,074</b>	<b>\$8,780,615</b>
<b>NET OPERATING REVENUES</b>				<b>(\$1,704,705)</b>	<b>(\$1,409,230)</b>	<b>(\$5,497,090)</b>



# Managing the “Gaps”

**In addition to City general fund, what’s been considered to fill the operating gap?**

## **Examples:**

- ✓ Sales tax credit
- ✓ Local option utility tax
- ✓ LID/Special assessment district
- ✓ Community facility district
- ✓ Increased/differential utility rates
- ✓ Federal appropriations
- ✓ County general fund request
- ✓ Philanthropic requests
- ✓ State capital \$
- ✓ Creative service delivery
- ✓ Grants
- ✓ Loans
- ✓ Phase election and effective date
- ✓ Phase one-time purchases and/or staffing implementation
- ✓ Capital: scope, prioritize, match with grant sources
- ✓ Long-term: economic development, debt retirement

# West Hill Election: Options

## 1. Do not set the West Hill annexation before voters (Administration recommendation)

- Ineligible for 3<sup>rd</sup> .01% credit of state portion of sales tax
- Effectively ends annexation process for years

## 2. Set the West Hill annexation before voters

- Conditions?
  - Must resolve funding – how to manage “gaps”
  - If not resolved, withdraw the ballot measure
- Risks
  - Election costs (+/- \$20K?)
  - Expectations: current-City and West Hill residents
  - Even with additional effort, no additional funding available
- Timing
  - Early 2012 election, January 2013 effective date
  - November 2012 or Spring 2013 election, 2014 effective date